# *KINTO: Toyota's New Mobility Services Platform*

*You may not be aware that Toyota actually began as a company that built weaving looms, not cars, and it was my grandfather Kiichiro Toyoda that decided to do what many thought impossible at the time to go from building looms to building cars. I'm the third-generation Toyoda to run this company. And you've probably heard the saying that the third-generation knows no hardship, or the third-generation ruins everything. Well, hopefully this will not happen!*

*It's my goal to transition Toyota from an automobile company to a mobility company, and the possibilities of what we can build, in my mind, are endless. Technology is changing quickly in our industry and the race is on. It's been said that data is the new gold and that software is the key. But I would argue that we're moving from software to the platform as the thing we're all after. It's the platform that will be the backbone for mobility as a service, for autonomy, for car sharing, for any number of services that we want to make possible.*

*Akio Toyoda, President, Toyota Motor Corporation. Speech at CES, Las Vegas*[i]

In June 2021, Tom Fux, CEO of Toyota's mobility brand KINTO, was preparing his hand over to Miguel Fonseca, who would assume dual responsibility as CEO of KINTO Europe and SVP for Connected Technologies & Mobility at Toyota

Motor Europe. Over the previous four years, Tom had built a strong foundation for KINTO[1] in line with the mobility vision articulated by Akio Toyoda. He collected his thoughts and started jotting down the key challenges that Miguel would have to address to create KINTO's three-year strategic roadmap.

## *Toyota Motor Europe (TME)*

Toyota's European story began on a small scale in 1963, with its first shipment of 400 cars to distributors and a motoring public who knew little about Toyota and its vehicles. After nearly six decades of steady growth, the company employed 25,000 people and had 9 manufacturing plants plus 29 national marketing and sales companies with a network of over 3,000 Toyota and Lexus authorized dealers across the continent.[ii] In addition, Toyota Financial Services (TFS) provided financing solutions for private consumers and corporate clients in 18 European countries, and Toyota Insurance Management – with over 1.2 million policies in its portfolio in 2021 – supported consumers with the right insurance products.

In 2020, TME outperformed the overall market – which contracted by 20% during the coronavirus pandemic – selling 993,113 Toyota and Lexus vehicles (minus 9% year-on-year). Yet, TME's overall market share increased by 0.7 percentage points to 6%, an all-time record for the company. The Toyota brand also climbed to the third spot for best-selling passenger car brands in Europe.[iii]

[1] The name KINTO was derived from the Japanese word *kintoun*, or *flying nimbus*, a cloud providing on-demand transport for a well-known animated character in Japan. Just like *kintoun*, KINTO aimed to be available every time a customer required easy and clever ways to move around – whenever and wherever.

## *Embarking on a new journey: Toyota Fleet Mobility*

In 2018, Toyota began preparing the European organization to integrate new mobility services into its existing business of making and selling cars. It launched two entities – Toyota Fleet Mobility (TFM) and Toyota Connected Europe (TCEU). TFM, a 51:49 joint venture between TFS and TME, would provide full-service leasing solutions to the European market. It was headed by Tom Fux, a 20-year Toyota veteran who had served in sales and marketing roles in multiple European countries. TCEU was launched as a subsidiary of Toyota Connected, a strategic business unit leading the parent company's development of telematics, big data and a mobility services platform. Given the external trends impacting the automotive industry, the company believed the rationale for building a full-service leasing business was compelling.

### The rationale

The European market was characterized by two main customer segments – private and corporate fleets. In 2010, the split between the two segments was about 50:50, and TME had traditionally focused on the private segment. By 2018, two shifts had occurred: (1) the fleet segment started increasing, with two out of three new cars being sold to companies, and (2) a split emerged within the private segment between ownership and usership propositions.

*Leveraging corporate fleet management trends*

According to Deloitte,[2] in 2021 the private car and corporate fleet share of new car registrations would be 37% and 63%, respectively. Corporate car registrations had grown at a compound annual growth rate (CAGR) of 3.5% between 2016 and 2020 (double the rate of the European car sales market overall).[iv] Two trends were evident in the business-to-business (B2B) market:

- Companies were increasingly buying full-service leasing contracts instead of purchasing cars to avoid owning fixed assets. Full-service leasing had been around for 20-25 years, traditionally driven by high discounts and overcapacity in factories. Leasing companies targeted large companies and secured higher profit margins than auto manufacturers. Market research agencies predicted a growing opportunity among small and medium enterprises (SMEs) such as plumbers, architects, production companies and construction companies. This customer group preferred to approach dealers rather than mature leasing companies for their full-service leasing needs.

- Companies were outsourcing their fleet management to reduce costs. Europe was by far the largest market for fleet management globally and, in many ways, also the most advanced.[v] According to industry estimates, in 2020 approximately 13 million cars were managed by full-service leasing companies in Europe; this was expected to reach 15 million by 2025 (about 5% growth year-on-year).

[2] Headquartered in London, Deloitte is a multinational professional services company with offices in over 150 countries and territories around the world.

*Shift from private car ownership to usership gathering pace*

The cost of car ownership in cities was increasing with road tolls and high parking costs, along with the hassle caused by congestion. For example, in Paris less than 35% of people owned a car. In Europe, car sharing had been growing in double digits (especially in large cities), with the number of users doubling to 11.5 million from 2016 to 2018.[vi] There was increasing demand for full-service leasing, renting and vehicle subscriptions that provided private consumers with convenience, cost efficiencies and an all-inclusive value-added experience (*see* ***Exhibit 1*** *for mobility models*). Tom explained the economic sense of usership:

> *People want zero down payment, predictable monthly costs, inclusive insurance, maintenance, tires and all the auxiliary services so that they know "my car costs me €350-€450 per month. After three years, I just give the keys back and take a new car." Full-service leasing is a simple offer where you can predict the total cost, avoid the hassle of buying a car and don't have to commit a large purchase amount. Moreover, everyone sells the car after four to seven years and once again there is the hassle of negotiating and financing a new car.*

See ***Exhibit 2*** for other key trends impacting mobility.

## Pathways for growing Toyota Fleet Mobility

TFM followed both organic and inorganic routes to growth. Given Toyota's manufacturing and distribution DNA, Tom was aware that the company lacked the capabilities to manage full-service leasing or long-term renting of large fleets:

*The first capability we need to develop is asset management – as the owner and operator of vehicles. The next is to become a mobility operator and finally a mobility aggregator. We want to go up this value chain of the new mobility.*

*Organic growth*

In 2019, TFM developed its operations in three organic markets – Spain (April), France (September) and Italy (November). Tom and his six-member entrepreneurial team decided to pursue a "basic" strategy in these markets providing three types of services:

- *Financial services*: Offering three- to four-year operating leases on new Toyota and Lexus cars only through the dealer channel to private consumers and SMEs.
- *Vehicle services*: The leasing contract included maintenance, servicing, repairs and insurance. Other limited services comprised replacement car, roadside assistance, etc.
- *Telematics*: This included an app and a fleet portal for bookings, maintenance service reminders, anticipating contract drift,[3] enabling responsible driving and antitheft tracking.
- Dealers were a critical partner in Toyota's pursuit of organic growth. The company worked closely with progressive dealers to build a business case for leasing and rental services. As signs of early success emerged, other dealers – initially skeptical – followed suit.

[3] For example, notifying customers if they were about to exceed their contractual mileage limit.

Tom soon hit the critical question of expanding into multi-brand vehicles – a "chicken and egg" situation. To be truly multi-brand, Toyota would need a contract with other auto majors or their authorized dealers. Large markets would require a network of 2,000-3,000 service points to serve 15-20 brands in every major town in the country. Given that leasing was a fledgling business for TFM, it could not guarantee the numbers the multi-brand dealers expected.

*Inorganic growth*

To accelerate growth, TFM embarked on mergers and acquisitions in the UK and Portugal. In December 2019, it acquired Inchcape Fleet Solutions for £100 million.[4,vii] As one of the UK's largest and best-known independent fleet management and full-service leasing specialists, Inchcape offered established operations, a comprehensive portfolio of multi-brand passenger and commercial vehicles (about 50,000 cars) and a customer base across the corporate, public, not-for-profit and SME sectors. Moreover, it provided flexible financial solutions, ranging from six months to seven years, for both new and used cars. For large corporate clients, having multi-brand cars was key, as they could choose Lexus, Audi or Mercedes for management cars and Skoda or Renault as service cars. The acquisition of Inchcape was a milestone for TFM. Tom stated:

> *If I want to work with governmental institutions or big corporations, I need to be multi-brand even though it increases complexity. Today many customers are demanding electric vehicles. My order bank in the UK is 30% to 40% electric vehicles. So, I must be able to offer Tesla, Nissan,*

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[4] £1= €1.169 = US$1.374 =CHF1.259

> *Renault or Volkswagen. Just because I don't have a product, I don't need to lose the customer.*

The next move, in March 2020, involved a joint venture in Portugal with Salvador Caetano Auto na Finlog, in which TFM held a 51% stake. The value proposition was to provide a rental solution with a fixed fee for desired services for the duration of the contract. Both deals accelerated TFM's learning and growth.

**TFM's business and operating model evolution**

TFM was essentially operating a service business – leasing/renting the car, maintaining it, managing the fleet and studying the usage data to ensure contract amendments. This involved significant resources and higher operating expenses. Also, the ownership of the cars remained with TFM. This was in sharp contrast to selling cars to customers via vehicle loans (through TFS), where the operating model was built on managing the credit risk and minimizing operating expenses. Tom explained:

> *We used to earn money on the interest rate (like any financial services company), but now we earn money on maintenance, tires, rebates, replacement vehicles, and so on. Although the profit per contract is higher, we hold the ownership risk for the vehicles over their lifetime as well as the utilization risk when a car stands in our parking lot, i.e. not being utilized and not being monetized, effectively costing us money.*

When selling cars, the key consideration was the sales price – the car had to be competitively priced in relation to competitors, according to specifications for each market. However, with leasing, the residual value of the car after each cycle of use was the most important factor. After three or four years, the vehicle had to be refurbished and released for use once again. Hence, the company's new operating mantra became managing the fleet, optimizing the utilization level through every operating cycle, and maximizing the lifetime value of the vehicle fleet (*see* ***Exhibit 3***).

This meant TFM had to redefine its strategy for the various car models in its portfolio. For example, Mirai, Toyota's pioneering hydrogen fuel-cell car, could be positioned for early adopters willing to pay a premium to lease/rent the car to experience a new technology. Three years later, in the second cycle, Mirai could be a replacement for a mainstream rental car and, finally, in the third cycle, it could potentially become a subscription vehicle. From this perspective, the final residual value that would be acceptable to TFM became the first consideration in the pricing discussion. Then, working backwards to arrive at the leasing price for a particular model became the new thinking around pricing – thus turning the entire process on its head.

Executing all the operational shifts was not easy. Nevertheless, TFM broke even in two years. It was time to accelerate Toyota's mobility journey.

## *Launch of KINTO*

By early 2021, TFM had a presence in six countries – France, Spain, Italy, the UK, Portugal and Germany, and TME decided it was time for the big announcement. In April 2021, TME launched KINTO Europe GmbH, a limited liability company with headquarters in Cologne, Germany. TFS held a 51% stake, with the remaining 49% owned by TME.[viii] Tom became CEO of KINTO. For Toyota, this was a first-of-its-kind joint venture between the financial services and auto businesses. Tom elaborated on the logic for a JV:

> *We are going to own the vehicles and provide services. So, we need the knowhow to maintain the vehicles, manage spare parts, build distribution*

*and secure support in each market. That's why joining forces is better as we can combine the deep knowledge of the motor company as well as the risk management expertise of our finance business.*

In addition to the TFM business operations, all diverse mobility units under TFS or TME were unified under KINTO. TCEU became the technological enabler for KINTO, providing digital support to shape the new mobility value propositions and scale them over time.

**A brand is born**

KINTO was only the third brand to be launched by Toyota in its history (after Toyota and Lexus). This was a signal to the market that the world's largest auto maker was serious about transforming into a mobility provider.

Since KINTO was a separate entity, Tom could move fast. He hired experts from different fields – mobility, leasing and banking – and full board support cleared the way for quick decision-making on investments and the way forward. The strategy roadmap involved market-by-market deployment of KINTO-branded services across Europe. Each market started establishing its own dedicated KINTO organization to implement the appropriate levels of local mobility services. Tom stated:

*As a mobility company, we will have full flexibility to offer usership from one minute to lifetime. As long as you pay a monthly fee you will be using the car even for 20 years. After four or five years, we will offer you a new Yaris model, with improved design, fuel efficiency and safety as a replacement. We want to operate our own fleet, advise others on how to improve their $CO_2$ footprint, improve vehicle fleet utilization and build a data-driven business.*

KINTO Europe significantly drew upon the established capabilities of TFS, which provided access to competitive funding and related services, scoring, risk management, billing and other back-office services, thus absorbing costs and driving competitiveness. KINTO also leveraged the strengths of its national marketing and sales companies in terms of direct sales, marketing and CRM, which helped it to manage the crucial relationship with the dealer/retailer networks.

**KINTO's ambition**

With a view to truly delivering "Mobility for All," KINTO aimed to offer six services (see **Exhibit 4**):

- KINTO One – all-inclusive leasing service (as provided by TFM).
- KINTO Flex – flexible vehicle subscription service operating in Belgium, Germany, Denmark, Norway and Finland (Portugal and the UK in the pipeline). Subscription customers wanted to have the cost of a long-term mobility promise at the price of short-term commitment. Although ongoing trials in 2021 were with new cars, in future, to make the business viable with the short-term contracts, the intention was to use three- or four-year-old off-lease refurbished vehicles. This would allow the depreciation to flatten at 0.5% per month or 6% per year, making it manageable from a subscription cost point of view. Tom explained how the leasing business supported the subscription model:

  *Mobility companies providing subscriptions typically operate a small number of vehicles (2,000–3,000) but they need 100 employees and end up burning cash. With our full-service leasing business, adding 2,000–3,000 subscription vehicles is easy. I need two or three people in* *customer service, one person for onboarding and one more for credit check. Basically, I can organize the same business much more efficiently with 10–15 people than somebody starting from zero as a mobility subscription company.*

- KINTO Share – car sharing services for corporate and private customers, with multiple schemes (one-way, roundtrip, semi-floating, free-floating). This was live in Italy, Spain, Ireland, Denmark and Sweden, with the UK, France and Germany in the pipeline. Cars could be picked up and returned at designated mobility stations at key locations across the city. Customers accessed the cars through an app and only paid for the usage period – from one hour to three months (average use 10 hours). KINTO took care of asset management and operations such as cleaning, fueling and repairs. The full range of vehicles was available – from small cars like Yaris to the Proace van – to serve different customer needs. Although this added cost and operational complexity, it differentiated the value proposition from competitors. In Sweden, even the all-new Mirai was included in the KINTO Share fleet to democratize fuel-cell technology. Johan Lundbald, head of mobility, Toyota Sweden, stated:

  *We are really committed to fuel-cell technologies, which are available only in certain markets globally. We are bringing these vehicles into the KINTO Share fleet – becoming the world's first car sharing service with fuel-cell technology.*

- *KINTO Ride* – ride-hailing service. Toyota had investments in Uber, Lyft, Grab and Didi. It did not want to launch a competing offer because the market was already saturated with these players and existing taxi services.

Instead, the company was piloting other types of transport services for kids, the elderly and the disabled.

- *KINTO Join* – corporate car-pooling solution for employees, offered in Italy, Spain, France, the UK and Norway. The company acquired a start-up that provided a platform that was rented to corporates, so their employees could use an app to connect with each other and organize the car-pooling process. Benefits included commuting convenience, reduced $CO_2$ emissions, optimization of parking spaces in urban centers and a safe way to travel in a "bubble" during the pandemic.
- *KINTO Go* – multi-modal aggregator, coordinating services such as route planning, public transport ticketing, parking, taxi and events. This was live in Italy, where it offered a nationwide solution (with plans to launch in the UK).

KINTO took a country-by-country approach to building these services depending on the customer maturity and dealer readiness in each market. For example, it started with KINTO Share in Sweden to establish trust in the new brand and build its capabilities in asset management before expanding into other services. By mid-2021, KINTO Sweden operated 1,000 cars in the three largest cities – Stockholm, Gothenburg and Malmo – with 20,000 registered users. Similarly, in Italy the services started with KINTO One and expanded to KINTO Share, which was present in three regions by 2021. KINTO Go went live next, whereby the company could link the traditional business with the new mobility solutions. Customers buying the latest fourth-generation hybrid car – Yaris – would earn credits from driving the electric car, which could be used for mobility offers up to €150 on the KINTO Go platform. Donato Santoro, head of innovation, digital and mobility at TFS, Italy, explained:

> *Our job is to provide individuals, companies and communities with what they need. The type of deal that they're looking for depends on the time period, the distance and the desired level of flexibility. For example, a company with a large fleet is more interested in having greater flexibility of services because the fleet is instrumental for their business activity. For KINTO, as a single company providing a range of services, it's a matter of managing the portfolio to get the right profitability.*

**Evolving role of dealers**

In the auto industry, the traditional role of authorized dealers was to offer customers their vehicle of choice in a win-win deal. Customers returned to the dealer workshop for stipulated servicing during the guarantee period, after which many switched to local (and cheaper) independent garages. According to some statistics, when a dealer sold a car, on average, the car was returned for service once a year by private customers and 1.5 times a year by fleet customers. Beyond the sales and service value proposition, dealers typically did not offer rental services, nor did they have the capability to manage a fleet of shared vehicles. Consequently, the emerging mobility trends had been creating insecurity and anxiety among the dealer community, "What is my business going to look like in the future? Should I invest or stop investing in a big new facility? If more and more people prefer not to own cars, will I become like a travel agency, many of which went bankrupt as consumers moved online?"

TME had about 3,000 dealer locations in Europe. The success of many KINTO services – KINTO One, KINTO Flex, KINTO Share – would depend on creating a new value chain where dealers played a different and more important role as mobility service providers. Tom explained:

> *In the new value chain, dealers can offer both the vehicles and the services for shared vehicles. When we talk about shared mobility, we need to take care of the car two to three times a week, be it cleaning, fueling, charging and so on. It will also require dealers to scale up their mobile services to go to the customer instead of waiting for the customer to show up. Yes, there might be less cars on the road in the future, but there are many opportunities for the dealer to tap into.*

Across the different markets, Toyota engaged in open discussion with dealers to bring them onboard. For example, in Italy, at a large-scale dealer conference, Toyota's top management team explained the company's mobility vision, KINTO's significance as Toyota's third global brand, and the expected involvement of dealers as critical partners. Mauro Caruccio, CEO of Toyota Motor, Italy, emphasized:

> *You need to trust us. Twenty years ago, many of you had doubts when Toyota launched itself on the electrification journey. Today, with the same emphasis, vision and determination, it is time to embrace a new challenge – transformation into a mobility service provider. KINTO is not a program or an initiative, is the third brand of Toyota!*

KINTO's ability to scale would depend on obtaining dealer buy-in. The company wanted to enable its dealers to offer a car on a minute, day, week, month or year basis. But the key question uppermost in dealers' minds was whether their expanded role in the new value chain would bring commensurate profitability.

## *Competition*

With the launch of KINTO, Toyota had entered a completely different playing field (*see* ***Exhibit 5***), competing against three types of players:

- *Traditional auto majors*: The key players in Europe had launched their own mobility solutions such as Volkswagen MOIA, BMW-Daimler joint venture, and Volvo-M.
- *Full-service leasing companies*: The key competitors included ALD Automotive, Arval and LeasePlan, which had been operating for decades. These companies were highly proficient in managing large multi-brand fleets and reselling the used cars. They were increasingly targeting SME customers and private individuals by publishing online the monthly installment rates for all vehicle brands. This posed several risks for Toyota: Loss of the customer; loss of the service value chain (because they used independent garage networks instead of Toyota-authorized service centers) and, ultimately, loss of vehicle renewal (i.e., they could replace all Toyota vehicles with Fords).
- *Mobility companies*: Through the 2010s decade, a number of pure mobility players had disrupted the auto industry globally by addressing users' pain points through ride-hailing, car sharing, subscription and carpooling services. These players were more advanced and well funded by venture capital, particularly in North America and Asia (*see* ***Exhibit 6***). However, Europe's mobility sector was gradually maturing.

  Impacted by the pandemic, the mobility industry experienced reduced funding, fewer customers and less liquidity. Several companies globally decided to scale back, merge or completely withdraw from the market.

## *Challenges*

### Creating demand

Toyota was in the early phase of its transformation into a mobility company. It was targeting both B2C and B2B customers. Although there was a certain level of customer demand for KINTO services, Tom felt that the market was not at the tipping point yet. He stated:

> *Today, there is a demand. People like to rent a car to go to their weekend houses or on long weekend holidays and all our cars are booked. But is this demand enough for our business to be profitable and viable? Probably not. The same goes on subscription. People would love to have subscription, but are they willing to pay for flexibility? Probably not. We're still waiting for the real demand to happen.*

### Shifting from hardware to software

Toyota's core competitive advantage was in manufacturing and distribution of cars. To build a mobility services platform and spur data-driven customer experience, it would have to develop capabilities in software and data analytics – new fields for the company. KINTO had progressed with setting up a platform – partly in-house leveraging the data capabilities of Toyota Connected and partly with external companies – to analyze the data feeds from its data communication modules in the cars. However, it still had a long way to go.

KINTO was also discussing with R&D what the future shared vehicle should look like. The car features would have to be super-standardized for cleaning, upgrading, repairs and refurbishing, while allowing for super-customization through digitalization (seat and steering wheel positions, favorite radio station). Such a design would enable cost efficiencies in managing large mobility fleets.

## Managing the asset lifecycle

With the mobility business gaining momentum, KINTO had 110,000 cars under management. Eventually it would have to manage the lifecycle of an increasing number of already depreciated vehicles, i.e., it would need to refurbish, reuse or resell, say, 10,000 cars per month. Effective asset utilization and improving vehicle lifetime value over several ownership and operating cycles was key. Tom stated:

> *As demand grows, this will not be an easy task. We have no experience with refurbishing cars, and we are not a used car reseller either. We need our factories to be on board to refurbish the cars. We need to build a standardized, much cheaper process while using original OEM parts. For example, we typically pay more for a tire that has to be replaced after a puncture compared to the original tire. So, how can we refurbish with our manufacturing costs and NOT with our after-sales costs?*

If KINTO offered multi-brand vehicles, the situation would be exacerbated, especially in estimating the residual value at the end of the lease.

## Executing change with dealers

Convincing dealers to move to the new mobility paradigm was quite challenging for KINTO leaders. Dealers had to fundamentally rethink the way they operated. They would need to refocus the time and attention dedicated to serving customers at the front end to ramping up service infrastructure and building new capabilities at the back end for maintaining a large vehicle fleet.

**Seeking profitability in a new business model**

Over the years, TME and TFS had run a profitable business selling and financing vehicles while transferring ownership to the customer. With mobility, KINTO had entered a business where it would own all the vehicles, take additional risks and become a service provider offering usership to customers. Given that its ambition was to scale the mobility business manifold, the challenges of making the new business model work would mount. Tom stated:

> *This is not going to be a few thousand vehicles; we are thinking of hundreds of thousands of vehicles in our portfolio in the future. In addition, we need to be multi-brand. So, we need to support not only Toyota and Lexus but also Volkswagen, Renault, Opel, etc. Becoming a profitable mobility player hand in hand with our dealers and other partners is key.*

See ***Exhibit 7*** for an indicative summary of the key performance metrics for KINTO Europe.

## *Going forward*

By mid-2021, KINTO had become a mid-sized mobility player in Europe, active in nine countries, with about 400 employees and 110,000 cars under management (mainly KINTO One). Toyota had taken a long-term view and was investing in new services and innovative business models. Tom stated:

> *Our vision is to be the mobility provider of choice for all types of customers. We are building our own roadmap as there is simply no predefined approach. We have unique strengths and capabilities that differentiate us from other players in the mobility space. KINTO is not bound by any service or location. We are truly diversified. The goal is not to be the biggest, but to be most ready, in every town in Europe.*

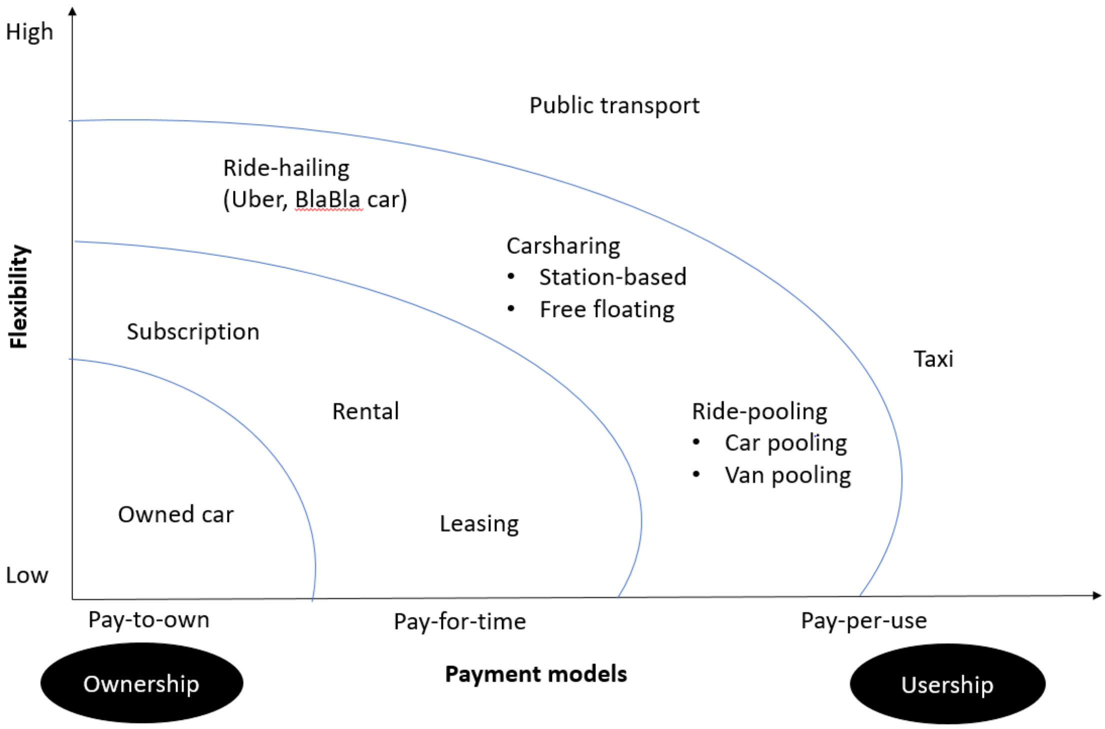
In July 2021, the incoming CEO Miguel Fonseca, an industry stalwart with 35 years of experience, set a target to more than double the portfolio to 250,000 cars by fiscal year 2026. Miguel stated:

> *KINTO's purpose is to assist the transformation of Toyota and Lexus to become a mobility services company – providing mobility for all and leaving no one behind. This means transforming the channels to market for Toyota and Lexus cars, whilst bringing additional sustainable services to society. These channels should initially expand on the traditional wholesale/sales channel via the sales network, to progressively replace them – with the retailers becoming "Mobility Service Providers" with newfound capabilities and tools (including platforms). This will enable a vehicle lifetime value strategy, with new digital customer engagement possibilities, harnessing data to provide value-added services.*

It was time for Miguel to craft KINTO's three-year strategy and roadmap. Several questions came to the fore:

- How could KINTO become a one-stop-shop provider connecting businesses, private individuals and the public sector in planning and organizing for future mobility solutions?
- How could KINTO accelerate scale-up in different countries by: (1) growing each service and (2) expanding services (from car sharing to subscription to ride-hailing), leveraging the dealer network?
- In some countries KINTO was a cost center. How could the company achieve/improve its profitability?
- How could it balance organic and inorganic growth, leveraging new acquisitions and partnerships to secure new business opportunities?

## Exhibit 1: Mobility models



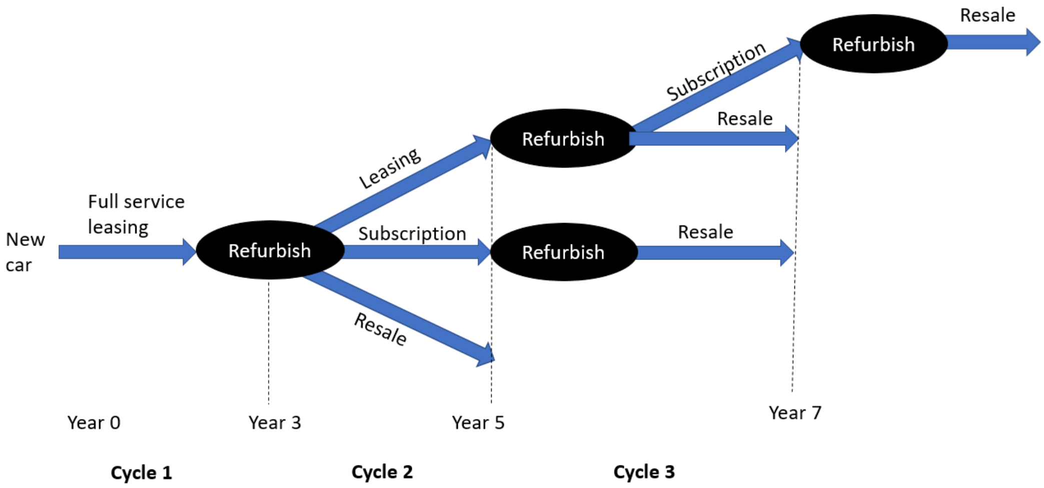

Source: Author

## Exhibit 2: Key trends impacting mobility

| | | |
|---|---|---|
| **Threat of climate change** Global warming, record heat, thawing of permafrost, etc. | **Urbanization** 2/3 of the global population is expected to live in cities by 2050 | **Shifting demographics** Gen Y and subsequent generations increasingly choosing pay-per-use models |
| **Carbon emissions** The amount of $CO_2$ in the atmosphere reached record levels in 2020 | **Smart cities** Focus on optimizing space, reducing pollution and energy consumption | **Behavioral trends** Up-and-coming generations are not as eager to obtain a driver's license |
| **Regulations** Stringent regulations on emissions are triggering greener modes of travel | **Rise of micro-mobility** Bicycles and scooters are complementing public transport | **On-demand** Desire for convenience, connectivity and flexibility in range of transportation options |

Source: Author

**Exhibit 3: Vehicle lifecycle**




Source: Author

**Exhibit 4: KINTO services**

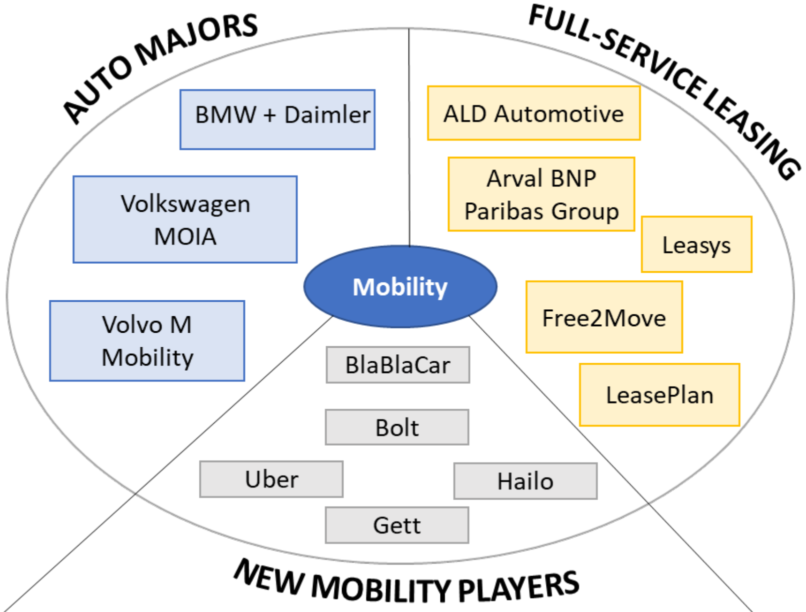

Source: https://newsroom.toyota.eu/toyota-announces-the-launch-of-kinto-europe---a-new-mobility-services-company-for-the-region/

**Exhibit 5: Competitive landscape (not exhaustive)**

**BMW-Daimler JV (2019)** Planned investment of €1 bn. Services offered: (1) Share Now for car sharing -> subsequently pulled out of N. America; (2) Free Now for taxi ride-hailing -> operating in 65 cities in Europe and Latin America; (3) Reach Now for multimodal services, (4) Charge Now for charging; and (5) Park Now for digital parking -> to be sold.

**Volkswagen MOIA (2016)** Launched as a fully electric ride pooling service in Hamburg and Hanover.
2019: WeShare, an EV-only car-sharing business launched in Berlin -> over 100,000 registered WeShare customers by 2021, more than 90% active users.
2021: Operating 2,300 cars; acquisition plan for car rental firm Europcar for US$3.4 bn.

**Volvo M (2017)** Launched in Stockholm as a stand-alone company providing car sharing services.
2021: Present in 9 Swedish cities with 150,000 registered users.




**Uber (2011)** Launched in Paris. Regulations/bans were a barrier to growth in the early years. Following recent taxi-liberalization laws, Uber reinvigorated its efforts, expanding into bikes and food delivery.
2021: Uber mobility services available in over 340 cities across Europe.

**Bolt (2013)** Estonian start-up that began as a ride-hailing operation.
2018: Expansion into micro-mobility (e-scooters and e-bikes).
2019: Launch of Bolt Food (food delivery).
2021: Bolt Drive car sharing pilot launched. Planned fleet of 500 multi-brand vehicles (e.g., Toyota, Volkswagen, Skoda); raised €600 mn in 2021, doubling its valuation to €4bn.

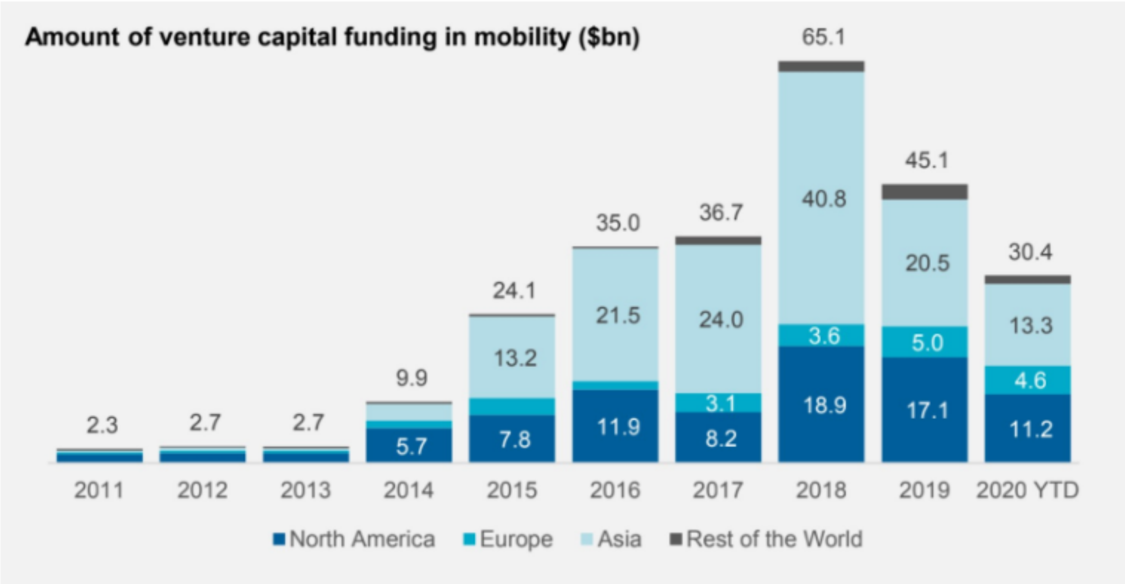
**ALD Automotive**: Fleet management and full-service long-term leasing to companies since 1946.
2019: ALD Move app, a MaaS solution, developed in strategic partnership with Microsoft.
2020: ALD Flex offering vehicle rental up to 24 months for companies launched in 19 markets.
1.76 mn contracts managed worldwide by end Dec 2020; net income of €509.8 mn in FY 2020.

**Arval, France** Full-service vehicle leasing for companies, SMEs and professionals since 1989.
2016: Diversified into private leasing
2021: Launched 3 new mobility solutions: (1) Mobility hub: aggregating options for employees of corporate clients; (2) Mobility app for employees' planning, booking and paying; and (3) Mobility consulting to support businesses with mobility transitions in 11 countries in Europe. Present in 30 countries, with fleet of 1.38 mn cars.
FY2020: Net income €471.4 mn.

**LeasePlan, France** Providing fleet management services since 1963.
2018: Launched CarNext, a B2B and B2C used car online marketplace. Global fleet of 1.9 million vehicles in 30 countries with aims to fully electrify the fleet by 2030.
FY2020: Net income €406 mn.

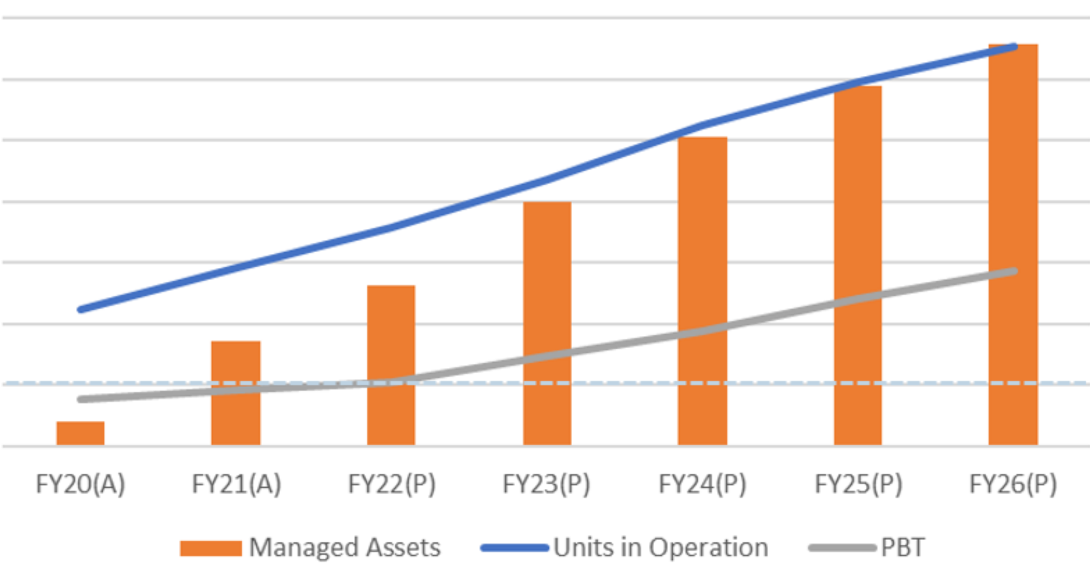
Source: Author

**Exhibit 6: Global venture capital funding in mobility**




Source: https://sifted.eu/articles/europes-mobility-sector-2020/

**Exhibit 7: KINTO Europe indicative financial summary**




Note: Company policy restricts disclosure of numbers

Source: Company information

## References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